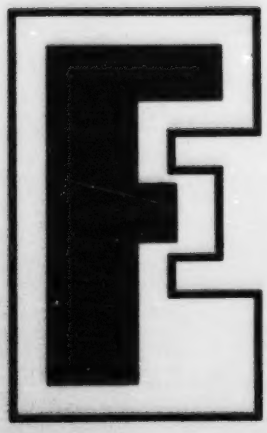

Economics & Forecasts Division
Corporate Planning Branch

COST ESCALATORS
ANNUAL REVIEW

November 1988

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This is the Annual Review of escalation forecasts of Ontario Hydro costs, Canadian and Ontario prices and wages, and foreign prices and wages. The forecasts are issued under the authority of the Vice-President of Corporate Planning. They have the Status of Corporate predictions as defined under Section 7 of the OOOH Manual.

Please direct any questions to C.W. Kenneth Keng (6845)

For extra copies, call 6138

Forecasts contained in this document are also available electronically. The user can access Cost Escalator forecasts through Fido - a free electronic bulletin board. All the forecasts can be downloaded from Fido and electronically transmitted to the users' personal computers. This electronic transmission mechanism requires an IBM PC or compatible system, an asynchronous serial communication post (serial card), a modem at baud rate 1200 or higher, communication software, one RS-232C cable and a telephone line. A demonstration to introduce this office automation system is available to any Ontario Hydro employee. Please call Kathy Chan (6139) for booking and/or further information.

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1.0 INTRODUCTION

The Cost Escalators Annual Review was first introduced in October 1984 to consolidate all of the Economics and Forecasts Division's projections of prices and wages which are relevant for Ontario Hydro planning and budgeting. These cost variables include: Ontario Hydro's construction indices; operation, maintenance and administration indices; interest rates; Canadian and Ontario aggregate wages and prices; industrial selling prices and wages; and aggregate wage escalation and price inflation for Japan, Switzerland, United Kingdom and West Germany.

This Annual Review of the Cost Escalators provides forecasts for a period of about 40 years (1987-2025). These forecasts are issued under the authority of the Vice-President of Corporate Planning. They have the status of Corporate predictions as defined under section 7 of the **Organization and Operation of Ontario Hydro (OOOH)** Manual.

For ease of use of the cost escalators, the report separates the tables from the text and puts them together in Sections 3.0 through 9.0. The brief text in Section 2.0 presents short commentaries on major trends. It is primarily intended to give the interested reader a quick overview, rather than a full account of the factors affecting all of the escalators. The prediction ranges in Section 5.0 provide range forecasts for major Ontario Hydro costs. Starting with this issue, Section 6.0 is added, to provide alternative scenario forecasts for a number of selected Ontario Hydro cost indices.

2.0 COST ESCALATORS: HIGHLIGHTS

2.1 Aggregate Canadian and Ontario Price and Wage Escalation

(1) CPI Inflation

° The average annual increase in Canadian prices is estimated to be about 4.4% in 1987 and 4.1% in 1988. Price increases are expected to drift higher to about 4.8% in 1989. Canadian inflation is anticipated at around 4.5% over the period of 1989-1990.

° In the long run, the inflation rate is expected to range between 5.0% and 5.5% annually. Accumulated debt problems, both domestic and international, create the potential for higher inflation at some point in the future. Long-term government policy on the rate of expansion of the money supply will affect the rate of inflation.

(2) Energy

° During 1988, international and domestic energy prices have been under downward pressure. OPEC has been producing more than the effective demand for its oil, and crude oil prices have declined below US$13/bbl on the world oil market. Canadian crude oil prices now fluctuate with international oil prices and the wholesale price of crude oil in Ontario has declined to under $20/bbl. At the retail markets in Ontario, petroleum products and natural gas prices have been under downward pressure with HFO and industrial natural gas declining again this year.

° In the long run, crude oil and natural gas prices are projected to undergo a reversal again in real terms during the 1990s. Electricity prices are projected to decline slightly in real terms. However, the relative price advantage (with adjustment for typical efficiency

factors) of natural gas over electricity is expected to remain in all sectors for the rest of the forecast period.

° Natural gas prices are expected to decline by more than 10% in 1988. Prices are then projected to escalate, on average, at around 8.3% for the period 1990 to 1992. Higher price inflation in the range of 9.6% is anticipated for the period of 1996-2005.

(3) **Wages**

° Average hourly earnings (AHE) in Canadian manufacturing industries will continue the trend of escalation exhibited in the last several years. The average annual increase over the period 1986-1990 is estimated to be 4.0%, which is a half of a percentage point lower than CPI inflation. The Canadian manufacturing wage rate is forecast to rise at 5.0% a year in the medium term (1991-1995), and between 6.0% and 7.0% from 1996 to 2025.

° In both the manufacturing and construction sectors, Ontario has experienced higher wage growth than Canada as a whole, during the last few years. For the forecast period, Ontario wage growth in these two sectors is expected to converge with the corresponding Canadian value because the Provincial economy is not expected to outperform the national economy.

(4) **Industrial Prices**

° The aggregate industrial product price index (IPPI) is expected to rise at an average annual rate of 4.5% over the near term (1988-1990), and at 5.5% over the 1991-2000 period. The higher escalation rate expected for the 1990s is due to the anticipated higher escalation rates in commodity and energy prices.

(5) Interest Rates

° The rise in interest rates that began in the second quarter of 1987 is expected to resume towards year-end. This is due to US Federal Reserve Policy to restrain inflation, as well as to a rising demand for funds as capital spending accelerates. The rising trend is likely to continue into 1989 before experiencing a reversal.

° The annual average prime rate is expected to reach its peak of 10.6% in 1989. Beyond 1990 interest rates are projected to fluctuate in the 9.0% to 9.5% range.

(6) Canadian Dollar

° The Canadian dollar is forecast to fluctuate in the 78¢ to 80.5¢US range over the next five years. In the long run, with slightly higher inflation expected in Canada than in the United States, the Canadian dollar is expected to trend down against the US dollar, reaching about 75¢US by 2025.

2.2 Ontario Hydro Costs

° The Ontario Hydro cost escalation forecasts contained in this report, especially those for construction costs, refer to the current technology and its cost structure under normal market conditions. As a consequence, the weights used to combine various components into composite indexes are assumed to remain fixed over the forecast period covered in this report. The user is cautioned to bear this in mind when applying the projections.

° In this annual review, we have reviewed and revised the cost structure of several major construction and operation, maintenance and administration (OM&A) cost indices. These construction indices relate to

Nuclear Generating Stations, Transmission Systems, Transformer Stations and Regions Construction. The OM&A indices relate to Transmission Systems, Regions and Distribution Systems. The newly revised cost structures (weights) are available upon request.

° **Nuclear generating station construction costs** are expected to rise by 5.6% in 1988. High escalation in construction labour costs (8.2%) is the main reason for this result (see Table 4.2.1). Construction labour cost growth is forecast to be above the CPI rate of inflation over the long term. This, in turn, will cause construction costs for nuclear generating stations to be 1% to 1.5% greater than the CPI rate of inflation.

° The construction labour cost forecast also causes the forecast of construction costs for fossil and hydraulic generating stations to be approximately 1% greater than the CPI rate of inflation in the long run.

° The construction costs of Ontario Hydro's **transmission systems** are forecast to escalate at a rate slightly higher than CPI inflation on average during the 1987-1990 period (see Table 4.1) . In the medium and long terms, material prices are expected to rise at a rate of about 1% higher than general inflation, while labour costs are projected to escalate even faster (Table 4.3). As a result, the composite construction cost index will escalate faster than general inflation by 1% to 1.5% annually.

° **Ontario Hydro interest rates** are expected to drift downward over most of the forecast period, but in an irregular pattern. A cyclical rise is expected towards late 1989 or early 1990. Temporary reversals aside, the general downward trend is expected to persist until 2025, assuming that inflation remains under control.

° **Material cost escalation** for Ontario Hydro's **Operation, Maintenance and Administration** (OM&A) is expected to average more than half a percentage point below general inflation for the next five years (Table 4.5). This is largely due to low increases in the cost of space and in the unit cost of office equipment, computers and communication facilities as a result of technological advancement.

° Ontario Hydro **wage increases** are expected to lag behind the Ontario manufacturing sector by at least one percentage point in 1988 and 1989 (Table 4.5). Between 1991 and 2000, average Ontario Hydro wage increases are forecast to be a half to one percentage point lower than Ontario manufacturing wages. Beyond 2000, Ontario Hydro wage increases are expected to follow the trend of the private sector, experiencing real gains in the range of 1.5% to 2.0% per year.

2.3 Canadian Material Prices

(1) Steel and Steel Products

° Price increases for Canadian Steel Products have been minimal in the last three years (1.9% in 1985 and 1.0% in 1986 and 1987), due to slow growth in industrial output and non-residential construction expenditures, and weak demand in export markets. Stronger price increases are expected starting in the next few years when a boom in non-residential construction investment is anticipated.

° Demand for Canadian steel in the 1990-2000 period is forecast to grow at much the same rate. Prices are predicted to be forced up by faster production cost escalation, but the rate of price increase will be kept in check by the ever-increasing intensity of competition from producers in both developed and developing countries.

(2) **Non-Ferrous Materials**

° The base metal markets have been characterized by price volatility for the past year. Most markets have faced a situation of tight supply during a period of mounting global demand, although some analysts believe there is also a strong element of speculation at work.

° Supplies of most metals have also been hurt by a reluctance of mining companies to develop resources in politically unstable countries, since political risks outweigh new economic conditions. Many companies are paying off corporate debt with profits, rather than investing in new facilities. Therefore, new investment is not taking place to a significant degree.

° Aluminum prices increased by almost 30% in 1987, and are expected to increase significantly again in 1988. Record prices have been the result of rising demand and near-capacity production, with capacity utilization rates in the non-socialist world holding strong at over 90% for most of this year. This leaves the aluminum market vulnerable to supply disruptions which could force prices even higher.

° Copper prices are predicted to increase in 1988, following significant growth of over 22% in 1987. Continuing high levels of residential and non-residential construction have contributed to strong demand for copper. In addition, Japan's consumption of copper is expected to remain strong as a result of the Japanese cabinet's approval of a 20% increase in 1988 government spending on public works projects. Copper prices are expected to level off towards the end of 1988, with a surplus situation expected for 1989.

° Nickel has led the recovery in base metal prices in the past two years. After declining by 20% in 1986, nickel prices rose by over 19% in 1987, and are expected to more than double in 1988. This spectacular growth has been the result of both demand and supply considerations. On the

demand side, a capital expansion boom worldwide (especially in Japan) has led to record levels of stainless steel consumption, a major market for nickel. On the supply side, the dispute over export duties between the Dominican Republic government and Falconbridge Dominican (85%-owned Falconbridge subsidiary) was settled in May, after six months of stalled nickel shipments. Other supply disruptions in 1988 include a wildcat strike at Australia's Western Mining Corporation, and news that China has imposed a 20% duty on all its nickel exports and probably will not make any further commitments for the remainder of the year. Due to these demand and supply factors at work in the nickel market, prices are expected to remain highly volatile in the short term.

° Lead prices increased by almost 40% in 1987, but have levelled off in 1988. Much of the increase in 1987 can be attributed to supply disruptions (primarily strikes) rather than to an increase in demand. A continuing negative sign in the lead market is the phasing out of lead as a gasoline additive, leaving automobile batteries as its chief market.

(3) <u>Chemical and Chemical Products</u>

° Producers of chemicals in Canada are expected to experience a slight improvement in business over the next few years, but continue to await a general turnaround in world markets. The chemical business in Canada went into a serious slump in 1985, and although it started to emerge from decline in 1986 and 1987, there is still a long way to go before a full recovery is attained. The outlook for the major end-markets for chemicals is mixed in the near term (1988-1990). Very strong demand is expected from the non-residential construction sector. Demand from the residential construction sector will decline starting in 1988 and demand from the transportation equipment sector will only rise at very modest levels during the next few years.

(4) Electrical Products

° Prices of industrial electrical equipment are expected to escalate at rates lower than general inflation over the next few years. Prices of commercial refrigerators, air conditioning units and electrical transformers are expected to escalate steadily due to the brighter capital-spending outlook. The consumer appliance industry is forecast to be characterized by strong price competition among firms. As a result, appliance prices are projected to escalate below 2.5% a year on average in the period 1988-1992.

° Over the long term, relatively rapid price increases above CPI are expected for electrical products, due to steady increases in producers' costs. Relatively strong price increases for industrial electric products are forecast to be only partially offset by weak appliance prices over the long term. Prices are expected to increase at a long-term average annual rate of 5.2%.

(5) Construction Machinery and Materials

° The Canadian construction industry has been experiencing a boom which, by the middle of 1988, shows no sign of letting up. Even though housing starts in Canada are expected to slow down to the 160,000-178,000 range in 1988 and 1989, extremely robust non-residential construction growth is expected in these years.

° The rate of increase of construction machinery (Table 7.2) will be about the same as the CPI rate of inflation.

° Construction material prices are forecast to rise moderately in the near term (1989-1990) due to mild input cost pressures such as natural gas and coal prices. In the medium term (1991-1995), the prices are expected to rise at about 4.5% per year.

2.4 Industrial and Construction Labour Costs

° Construction wage increases are expected to be higher than CPI inflation by about 0.8% in the 1988-1990 period. Manufacturing wages are also anticipated to rise faster than CPI in the same period, reflecting tight market conditions.

° Wages in the primary metals sector are estimated to escalate around 3.0% in 1988, as a result of the weakness in some of the steel markets, but then pick up in 1989 and 1990 at rates of 5.1% and 5.2%, respectively (Table 8.1). Wage increases for steel workers are expected to have minimum (1%) increase in 1988 after a hike of 5.3% in 1987. Over the longer term (1991-1995), wage escalation for workers in the primary metal industry is expected to be in the range of 5.5% to 6.5% per year.

3.0 AGGREGATE CANADIAN AND ONTARIO PRICE AND WAGE ESCALATION

	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Annual Average Percentage Change:											
CANADA											
GDP Deflator	4.6	5.2	5.6	4.2	4.6	5.3	4.4	5.0	5.5	5.0	5.0
Consumer Price Index	4.4	4.1	4.8	4.5	4.5	4.5	4.2	5.0	5.5	5.0	5.0
Industry Product Price Index - Mfg(1)	2.6	3.7	4.5	5.4	5.9	5.6	5.4	5.5	5.5	5.0	5.0
Average Hourly Earnings:											
Manufacturing	2.4	4.5	5.0	5.0	5.0	5.0	5.0	6.0	7.0	7.0	6.5
Construction	4.0	5.8	5.0	5.0	5.0	5.0	5.0	6.0	7.0	7.0	6.5
Prime Lending Rate											
Annual Average Rates:	9.5	10.4	10.6	9.5	9.0	9.5	9.0	9.0	9.0	8.5	8.0
Canadian Dollar											
Exchange Rate in U.S. Cents:	75.4	80.5	80.0	79.0	78.0	78.0	79.0	80.0	78.0	77.0	75.0
ONTARIO											
Consumer Price Index - Toronto	5.6	4.9	5.2	4.8	4.7	4.6	4.5	5.0	5.5	5.0	5.0
- Ontario	4.7	4.5	4.8	4.6	4.5	4.5	4.5	5.0	5.5	5.0	5.0
Average Hourly Earnings:											
Manufacturing	3.7	5.5	5.0	5.0	5.0	5.0	5.8	6.0	7.0	7.0	6.5
Construction	7.0	4.5	5.0	5.0	5.0	5.0	5.8	6.0	7.0	7.0	6.5
Average Weekly Earnings:	3.8	4.5	5.0	5.0	5.8	5.0	5.8	6.0	7.0	7.5	6.5
Retail Energy Prices (Industrial):											
Electricity	5.4	5.0	5.6	4.1	3.7	3.7	3.7	4.0	5.0	4.7	n/a
Heavy Fuel Oil(2)	-9.0	-14.1	13.1	10.0	6.0	6.0	5.6	11.0	7.9	5.8	n/a
Natural Gas	-10.8	-10.9	7.5	8.5	8.8	5.0	6.6	9.6	7.7	5.7	n/a
Diesel	0.0	1.7	6.1	7.6	4.8	4.6	4.7	7.3	6.5	5.0	n/a

For background information for these forecasts, see Economic Outlook, Sept. 1988 and the Retail Energy Price Trends, Annual Outlook, October 1988.(Final forecast expected by the end of September)

A Actual

(1) Starting January 1986, all ISPIs have been revised, rebased, or restructured. The newly developed industrial material prices are called Industrial Product Price Indices (IPPI). See explanatory notes for details.

(2) Contract price at Toronto.

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4.0 ONTARIO HYDRO COST ESCALATORS(1)

4.1 Construction Cost Indices: Composite Indices

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Generating Stations:												
Nuclear	Index	100.0	105.6	111.2	117.0	122.9	129.5	-	-	-	-	-
	%		5.6	5.3	5.2	5.1	5.3	5.3	6.2	6.5	6.4	6.0
Fossil	Index	100.0	104.8	110.4	116.3	122.7	129.7	-	-	-	-	-
	%		4.8	5.3	5.4	5.5	5.7	5.4	6.3	6.4	6.2	5.9
Hydraulic	Index	100.0	105.6	111.4	117.3	123.5	130.3	-	-	-	-	-
	%		5.6	5.5	5.3	5.3	5.5	5.3	6.2	6.5	6.4	6.0
Transmission Systems	Index	100.0	104.7	109.3	114.3	119.7	125.6	-	-	-	-	-
	%		4.7	4.4	4.6	4.7	4.9	4.9	5.8	6.4	6.3	6.0
Regions	Index	100.0	103.2	107.1	112.0	117.3	123.3	-	-	-	-	-
	%		3.2	3.8	4.6	4.7	5.1	4.8	6.0	6.1	5.9	5.6

Explanatory notes follow these tables.

Weights, as supplied by the concerned Divisions, are available upon request.

(1) Previously referred to as Economic Forecasting Series.

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4.2 Construction Cost Indices: Generating Stations

4.2.1 Nuclear Stations

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Labour												
Construction(1)	Index	100.0	108.2	115.8	122.5	129.1	136.1	-	-	-	-	-
	%*		8.2	7.0	5.8	5.4	5.4	5.4	6.3	7.0	7.0	6.5
Engineering(2)	Index	100.0	104.0	108.2	113.0	118.1	123.4	-	-	-	-	-
	%*		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(3)												
Major Mechanical Equipment												
Turbine	Index	100.0	103.7	109.2	115.2	121.3	128.6	-	-	-	-	-
	%		3.7	5.3	5.5	5.3	6.0	5.6	6.6	6.3	6.0	6.0
Boiler	Index	100.0	103.5	108.9	115.6	121.8	128.6	-	-	-	-	-
	%		3.5	5.2	6.2	5.3	5.6	5.7	6.3	6.8	6.8	6.5
Reactor	Index	100.0	104.3	108.8	113.6	118.8	124.4	-	-	-	-	-
	%		4.3	4.3	4.4	4.6	4.7	4.9	5.9	6.4	6.2	6.0
Other	Index	100.0	104.5	109.0	114.3	120.2	126.5	-	-	-	-	-
	%		4.5	4.3	4.9	5.1	5.3	5.2	6.0	5.8	5.6	5.5
Major Electrical Equipment	Index	100.0	105.1	110.4	116.5	123.5	131.4	-	-	-	-	-
	%		5.1	5.0	5.6	6.0	6.4	5.9	6.6	6.2	6.0	6.0
Other Materials	Index	100.0	102.7	106.5	110.8	116.0	121.9	-	-	-	-	-
	%		2.7	3.7	4.0	4.7	5.1	4.8	6.2	5.4	5.0	5.0

Explanatory notes follow these tables.

% Anual Average % Change.

%* Year-end annual % change from previous year-end. Annual average % change available upon request.

(1) Weighted average of major construction trade group wage increases.
(2) Weighted average of M&P and OHEU wage increases.
(3) Weights, as supplied by Generation Projects Division, have been applied to specific Statistics Canada data series for each of these cost categories.

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4.2.2 Fossil and Hydraulic Stations

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Labour												
Construction(1)	Index	100.0	110.4	116.5	123.5	129.8	136.4	-	-	-	-	-
	%*		10.4	5.5	6.0	5.1	5.1	5.4	6.3	7.0	7.5	8.5
Engineering(2)	Index	100.0	104.0	108.2	113.0	120.9	120.9	-	-	-	-	-
	%*		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.5	8.5
Materials												
Major Mechanical	Index	100.0	103.2	108.2	114.3	121.1	128.7	-	-	-	-	-
	%		3.2	4.8	5.7	5.9	6.3	5.7	6.5	6.3	6.0	5.8
Major Electrical	Index	100.0	105.1	110.4	116.5	123.5	131.4	-	-	-	-	-
	%		5.1	5.0	5.6	6.0	6.4	5.9	6.6	6.2	6.0	6.0
Other Materials	Index	100.0	102.7	106.5	110.8	116.0	121.9	-	-	-	-	-
	%		2.7	3.7	4.0	4.7	5.1	4.8	6.2	5.4	5.0	5.0

Explanatory notes follow these tables.

% Annual Average % Change

%* Year-end annual % change from previous year end. Annual average % change available upon request.

(1) Weighted average of major construction trade group wage increases.
(2) Weighted average of M&P and OHEU wage increases.

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4.3 Construction Cost Indices: Transmission Systems(1)

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Labour												
Transformer Stations	Index	100.0	108.1	114.9	121.3	127.7	134.3	-	-	-	-	-
	%*		8.1	6.3	5.6	5.2	5.2	5.3	6.0	7.0	7.0	6.5
Transmission Lines	Index	100.0	104.7	109.4	114.6	119.9	125.6	-	-	-	-	-
	%*		4.7	4.5	4.7	4.7	4.7	5.0	5.7	7.0	7.0	6.5
Engineering	Index	100.0	104.0	108.2	113.0	118.1	123.4	-	-	-	-	-
	%*		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials												
Transmission Lines												
500 kV Lattice	Index	100.0	104.3	108.2	113.0	118.3	124.3	-	-	-	-	-
	%		4.3	3.7	4.5	4.7	5.0	4.8	5.8	5.5	5.0	5.0
230 kV Lattice	Index	100.0	104.0	107.7	112.4	117.4	123.2	-	-	-	-	-
	%		4.0	3.6	4.3	4.5	4.9	4.7	5.9	5.5	5.0	5.0
230 kV Steel Pole	Index	100.0	102.1	104.8	108.4	112.8	117.3	-	-	-	-	-
	%		2.1	2.6	3.5	4.0	4.0	4.3	5.1	5.5	5.0	5.0
Transformer Stations												
500 kV Station (Conventional)	Index	100.0	103.8	108.1	112.5	117.5	123.7	-	-	-	-	-
	%		3.8	4.1	4.1	4.5	5.2	4.6	5.9	5.4	5.0	5.1
Transformer Stations												
500 kV Station (SF6)**	Index	100.0	104.0	108.9	113.9	119.6	127.0	-	-	-	-	-
	%		4.0	4.7	4.6	5.0	6.2	5.2	7.1	6.3	5.9	6.0
230 kV Station	Index	100.0	104.1	108.6	113.1	118.2	124.4	-	-	-	-	-
	%		4.1	4.3	4.2	4.5	5.2	4.5	5.8	5.4	5.1	5.1
115 kV Station	Index	100.0	104.9	110.9	116.1	121.8	128.7	-	-	-	-	-
	%		4.9	5.7	4.7	4.9	5.7	4.6	5.6	5.5	5.1	5.1

Explanatory notes follow these tables.

% Annual Average % Change.

%* Year-end annual % change from previous year end. Annual average % change available upon request.

** New index depicting cost escalations of 500 KV transformer stations using SF6 technology.

(1) Specific Internal data baskets and weights are used for each of these categories.

November 1988

4.4 Construction Cost Indices: Regions and Distribution Systems

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Distribution Stations												
Labour	Index	100.0	110.1	115.2	122.2	128.1	134.2	-	-	-	-	-
	%*		10.1	4.6	6.1	4.8	4.8	4.8	5.5	7.0	7.0	6.5
Materials(2),(3)	Index	100.0	103.8	107.8	112.2	117.0	123.0	-	-	-	-	-
	%		3.8	3.9	4.0	4.3	5.1	4.5	5.9	5.4	5.1	5.1
Regions												
Labour(4)	Index	100.0	104.0	108.2	113.0	118.1	123.4	-	-	-	-	-
	%*		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(3)	Index	100.0	102.7	106.2	111.0	116.3	122.9	-	-	-	-	-
	%		2.7	3.4	4.5	4.8	5.7	4.8	6.5	5.5	5.0	5.0
Transport & Work Equipment(3)	Index	100.0	102.5	107.4	112.9	118.3	123.4	-	-	-	-	-
	%		2.5	4.8	5.1	4.8	4.3	4.4	5.8	6.0	5.7	5.5

Explanatory notes follow these tables.

% Annual Average % Change.

%* Year-end annual % change from previous year end. Annual average % change available upon request.

(1) Weighted average of wage increases for major construction trades, M&P, and OHEU
(2) Based on 44 kV Station materials.
(3) Specific internal data baskets and weights are used for each of these cost categories.
(4) Weighted average of M&P and OHEU wage increases.

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4.5 Operation, Maintenance and Administration Indicies

		1987	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Ontario Hydro												
Labour(1)	Index	100.0	104.0	108.2	113.0	118.1	123.4	-	-	-	-	-
	%*		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(2)	Index	100.0	103.7	107.6	111.8	116.3	121.1	-	-	-	-	-
	%*		3.7	3.8	3.9	4.0	4.1	4.0	4.6	5.5	5.4	5.1
Generating Stations												
Labour(1)	Index	100.0	104.1	108.3	113.1	118.2	123.5	-	-	-	-	-
	%*		4.1	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(3)	Index	100.0	102.9	106.9	111.3	116.5	122.5	-	-	-	-	-
	%		2.9	3.9	4.1	4.7	5.1	4.8	6.1	5.4	5.0	5.0
Transmission Systems												
Labour(1)	Index	100.0	104.0	108.2	113.0	118.1	123.4	-	-	-	-	-
	%		4.0	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(4)	Index	100.0	105.4	111.1	116.4	122.1	128.6	-	-	-	-	-
	%		5.4	5.4	4.8	4.9	5.3	5.3	5.6	6.0	5.6	5.5
Regions												
Labour(1)	Index	100.0	104.1	108.3	113.1	118.2	123.5	-	-	-	-	-
	%		4.1	4.0	4.5	4.5	4.5	4.8	5.5	7.0	7.0	6.5
Materials(5)	Index	100.0	104.3	109.5	114.8	120.5	127.5	-	-	-	-	-
	%		4.3	5.0	4.8	5.0	5.8	4.7	5.9	5.5	5.0	5.0

Explanatory notes follow these tables.

% Annual Average % Change.

%* Year-end annual % change from previous year end. Annual average % change available upon request.

(1) Weighted average of M&P and OHEU wage increases.
(2) Administration Service Basket.
(3) Simple average of Other Materials Basket and Non-Residential Building Materials Index.
(4) Simple average of Transmission Systems Materials Composite and Non-Residential Building Materials Indexes.
(5) Simple average of Regions Materials and Non-Residential Building Materials Indexes.

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4.6 Ontario Hydro Interest Rates (%) (1)

	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000	2001-2005	2006-2010	2011-2025
Canada											
Short (3)	8.3	9.1	9.4	8.3	7.8	8.3	8.0	8.0	8.0	7.5	7.0
Intermediate	9.7	10.0	10.3	8.9	9.1	9.5	9.5	9.5	9.5	9.0	8.5
Long	10.2	10.7	10.9	9.6	9.7	10.1	9.8	10.0	10.0	9.5	9.0
United States											
Intermediate	8.6	9.2	9.6	8.1	8.3	8.7	8.5	8.5	8.2	8.0	7.5
Long	9.7	10.0	10.3	8.8	8.9	9.3	9.0	9.0	8.7	8.5	8.0

Explanatory notes follow these tables

(1) These rates reflect estimates of the rates which Ontario Hydro would have to pay if it borrowed in these markets. These are generally higher than the benchmark rates at which the federal government can borrow since federal government bonds are considered to have the lowest risk and highest liquidity.

(2) The forecasts assume that borrowing is spread out evenly over the course of the year. (In practice borrowing may be weighted toward one part of the year, and this influences the actual average interest rate).

(3) Based on short-term note yields.

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5.0 ONTARIO HYDRO COST ESCALATOR PREDICTION RANGES

5.1 Composite Construction Cost Indices(1)

5.1.1 Nuclear GS

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	5.1	5.3	5.6	5.9	6.1	0.4
1989	4.3	4.8	5.3	5.8	6.3	0.8
1990	4.2	4.7	5.2	5.7	6.2	0.8
1991	3.9	4.5	5.1	5.7	6.3	0.9
1992	3.9	4.6	5.3	6.0	6.7	1.1
1991-1995	4.3	4.8	5.3	5.8	6.3	0.8
1996-2000	5.0	5.6	6.2	6.8	7.4	0.9
2001-2005	5.2	5.8	6.5	7.2	7.8	1.0
2006-2010	5.1	5.7	6.4	7.1	7.7	1.0
2011-2025	4.7	5.3	6.0	6.7	7.3	1.0

5.1.2 Hydraulic GS Construction

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	5.2	5.4	5.6	5.8	6.0	0.3
1989	4.5	5.0	5.5	6.0	6.5	0.8
1990	4.1	4.7	5.3	5.9	6.5	0.9
1991	4.0	4.6	5.3	6.0	6.6	1.0
1992	4.1	4.8	5.5	6.2	6.9	1.1
1991-1995	4.0	4.6	5.3	6.0	6.6	1.0
1996-2000	4.9	5.5	6.2	6.9	7.5	1.0
2001-2005	5.2	5.8	6.5	7.2	7.8	1.0
2006-2010	5.1	5.7	6.4	7.1	7.7	1.0
2011-2025	4.8	5.4	6.0	6.6	7.2	0.9

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(1) Annual Average Percent Change

5.1.3 Fossil GS Construction

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.4	4.6	4.8	5.0	5.2	0.3
1989	4.3	4.8	5.3	5.8	6.3	0.8
1990	4.2	4.8	5.4	6.0	6.6	0.9
1991	4.2	4.8	5.5	6.2	6.8	1.0
1992	4.3	5.0	5.7	6.4	7.1	1.1
1991-1995	4.1	4.7	5.4	6.1	6.7	1.0
1996-2000	5.0	5.6	6.3	7.0	7.6	1.0
2001-2005	5.1	5.7	6.4	7.1	7.7	1.0
2006-2010	4.9	5.5	6.2	6.9	7.5	1.0
2011-2025	4.7	5.3	5.9	6.5	7.1	0.9

5.1.4 Transmission System Construction

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.2	4.4	4.7	5.0	5.2	0.4
1989	3.5	3.9	4.4	4.9	5.3	0.7
1990	3.3	3.9	4.6	5.3	5.9	1.0
1991	3.3	4.0	4.7	5.4	6.1	1.1
1992	3.5	4.2	4.9	5.6	6.3	1.1
1991-1995	3.5	4.2	4.9	5.6	6.3	1.1
1996-2000	4.3	5.0	5.8	6.6	7.3	1.2
2001-2005	4.9	5.6	6.4	7.2	7.9	1.2
2006-2010	4.6	5.4	6.3	7.2	8.0	1.3
2011-2025	4.6	5.3	6.0	6.7	7.4	1.1

5.1.5 Region Construction

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	2.8	3.0	3.2	3.4	3.6	0.3
1989	2.6	3.2	3.8	4.4	5.0	0.9
1990	3.2	3.9	4.6	5.3	6.0	1.1
1991	3.2	3.9	4.7	5.5	6.2	1.2
1992	3.3	4.2	5.1	6.0	6.9	1.4
1991-1995	3.4	4.1	4.8	5.5	6.2	1.1
1996-2000	4.6	5.3	6.0	6.7	7.4	1.1
2001-2005	4.6	5.3	6.1	6.9	7.6	1.2
2006-2010	4.4	5.1	5.9	6.7	7.4	1.2
2011-2025	4.2	4.9	5.6	6.3	7.0	1.1

5.2 Construction Cost Indices:(1) Nuclear Stations

5.2.1 Construction Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	7.8	8.0	8.2	8.4	8.6	0.3
1989	6.1	6.5	7.0	7.5	7.9	0.7
1990	4.6	5.2	5.8	6.4	7.0	0.9
1991	4.2	4.8	5.4	6.0	6.6	0.9
1992	4.0	4.7	5.4	6.1	6.8	1.1
1991-1995	4.2	4.8	5.4	6.0	6.6	0.9
1996-2000	5.0	5.6	6.3	7.0	7.6	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.2.2 Engineering Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.1	3.5	4.0	4.5	4.9	0.7
1990	3.3	3.9	4.5	5.1	5.7	0.9
1991	3.3	3.9	4.5	5.1	5.7	0.9
1992	3.4	4.1	4.8	5.5	6.2	1.1
1991-1995	4.3	4.9	5.5	6.1	6.7	0.9
1996-2000	5.7	6.3	7.0	7.7	8.3	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.2.3 Turbine

	80%					
		50%				
YEAR			MOST LIKELY			STANDARD ERROR
1988	3.4	3.6	3.7	3.8	4.0	0.2
1989	4.4	4.8	5.3	5.8	6.2	0.7
1990	4.6	5.0	5.5	6.0	6.4	0.7
1991	4.3	4.8	5.3	5.8	6.3	0.8
1992	4.8	5.4	6.0	6.6	7.2	0.9
1991-1995	4.6	5.1	5.6	6.1	6.6	0.8
1996-2000	5.4	6.0	6.6	7.2	7.8	0.9
2001-2005	5.0	5.6	6.3	7.0	7.6	1.0
2006-2010	4.7	5.3	6.0	6.7	7.3	1.0
2011-2025	4.7	5.3	6.0	6.7	7.3	1.0

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(1) Annual Average Percent Change

5.2.4 Boiler

	80%					
		50%				
YEAR			MOST LIKELY			STANDARD ERROR
1988	3.1	3.3	3.5	3.7	3.9	0.3
1989	4.2	4.7	5.2	5.7	6.2	0.8
1990	5.2	5.7	6.2	6.7	7.2	0.8
1991	4.1	4.7	5.3	5.9	6.5	0.9
1992	4.4	5.0	5.6	6.2	6.8	0.9
1991-1995	4.7	5.2	5.7	6.2	6.7	0.8
1996-2000	5.1	5.7	6.3	6.9	7.5	0.9
2001-2005	5.5	6.1	6.8	7.5	8.1	1.0
2006-2010	5.5	6.1	6.8	7.5	8.1	1.0
2011-2025	5.2	5.8	6.5	7.2	7.8	1.0

5.2.5 Reactor Vessel

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.8	4.0	4.3	4.6	4.8	0.4
1989	3.4	3.8	4.3	4.8	5.2	0.7
1990	3.4	3.9	4.4	4.9	5.4	0.8
1991	3.6	4.1	4.6	5.1	5.6	0.8
1992	3.5	4.1	4.7	5.3	5.9	0.9
1991-1995	3.9	4.4	4.9	5.4	5.9	0.8
1996-2000	4.7	5.3	5.9	6.5	7.1	0.9
2001-2005	5.1	5.7	6.4	7.1	7.7	1.0
2006-2010	4.9	5.5	6.2	6.9	7.5	1.0
2011-2025	4.7	5.3	6.0	6.7	7.3	1.0

5.2.6 Other Major Mechanical Equipment

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.1	4.3	4.5	4.7	4.9	0.3
1989	3.5	3.9	4.3	4.7	5.1	0.6
1990	4.0	4.4	4.9	5.4	5.8	0.7
1991	4.2	4.6	5.1	5.6	6.0	0.7
1992	4.1	4.7	5.3	5.9	6.5	0.9
1991-1995	4.2	4.7	5.2	5.7	6.2	0.8
1996-2000	4.8	5.4	6.0	6.6	7.2	0.9
2001-2005	4.5	5.1	5.8	6.5	7.1	1.0
2006-2010	4.3	4.9	5.6	6.3	6.9	1.0
2011-2025	4.2	4.8	5.5	6.2	6.8	1.0

5.2.7 Major Electrical Equipment

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.8	5.0	5.1	5.2	5.4	0.2
1989	4.4	4.7	5.0	5.3	5.6	0.5
1990	4.8	5.2	5.6	6.0	6.4	0.6
1991	5.2	5.6	6.0	6.4	6.8	0.6
1992	5.5	5.9	6.4	6.9	7.3	0.7
1991-1995	5.0	5.4	5.9	6.4	6.8	0.7
1996-2000	5.4	6.0	6.6	7.2	7.8	0.9
2001-2005	4.9	5.5	6.2	6.9	7.5	1.0
2006-2010	4.7	5.3	6.0	6.7	7.3	1.0
2011-2025	4.7	5.3	6.0	6.7	7.3	1.0

5.2.8 Other Construction Materials

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	1.9	2.3	2.7	3.1	3.5	0.6
1989	2.5	3.1	3.7	4.3	4.9	0.9
1990	2.7	3.3	4.0	4.7	5.3	1.0
1991	3.3	4.0	4.7	5.4	6.1	1.1
1992	3.7	4.4	5.1	5.8	6.5	1.1
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.9	5.5	6.2	6.9	7.5	1.0
2001-2005	3.9	4.6	5.4	6.2	6.9	1.2
2006-2010	3.5	4.2	5.0	5.8	6.5	1.2
2011-2025	3.6	4.3	5.0	5.7	6.4	1.1

5.3 Construction Cost Indicies: Fossil and Hydraulic

5.3.1 Construction Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	7.8	8.0	8.2	8.4	8.6	0.3
1989	6.1	6.5	7.0	7.5	7.9	0.7
1990	4.6	5.2	5.8	6.4	7.0	0.9
1991	4.2	4.8	5.4	6.0	6.6	0.9
1992	4.0	4.7	5.4	6.1	6.8	1.1
1991-1995	4.2	4.8	5.4	6.0	6.6	0.9
1996-2000	5.0	5.6	6.3	7.0	7.6	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	4.1	4.8	5.5	6.2	6.9	1.1

5.3.2 Engineering Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.1	3.5	4.0	4.5	4.9	0.7
1990	3.3	3.9	4.5	5.1	5.7	0.9
1991	3.3	3.9	4.5	5.1	5.7	0.9
1992	3.4	4.1	4.8	5.5	6.2	1.1
1991-1995	4.3	4.9	5.5	6.1	6.7	0.9
1996-2000	5.7	6.3	7.0	7.7	8.3	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.3.3 Major Mechanical Equipment

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	2.7	2.9	3.2	3.5	3.7	0.4
1989	3.9	4.3	4.8	5.3	5.7	0.7
1990	4.7	5.2	5.7	6.2	6.7	0.8
1991	4.9	5.4	5.9	6.4	6.9	0.8
1992	5.1	5.7	6.3	6.9	7.5	0.9
1991-1995	4.7	5.2	5.7	6.2	6.7	0.8
1996-2000	5.3	5.9	6.5	7.1	7.7	0.9
2001-2005	5.0	5.6	6.3	7.0	7.6	1.0
2006-2010	4.7	5.3	6.0	6.7	7.3	1.0
2011-2025	4.5	5.1	5.8	6.5	7.1	1.0

5.3.4 Major Electrical Equipment

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.8	5.0	5.1	5.2	5.4	0.2
1989	4.4	4.7	5.0	5.3	5.6	0.5
1990	4.8	5.2	5.6	6.0	6.4	0.6
1991	5.2	5.6	6.0	6.4	6.8	0.6
1992	5.5	5.9	6.4	6.9	7.3	0.7
1991-1995	5.0	5.4	5.9	6.4	6.8	0.7
1996-2000	5.4	6.0	6.6	7.2	7.8	0.9
2001-2005	4.9	5.5	6.2	6.9	7.5	1.0
2006-2010	4.7	5.3	6.0	6.7	7.3	1.0
2011-2025	4.7	5.3	6.0	6.7	7.3	1.0

5.3.5 Other Construction Materials

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	1.9	2.3	2.7	3.1	3.5	0.6
1989	2.5	3.1	3.7	4.3	4.9	0.9
1990	2.7	3.3	4.0	4.7	5.3	1.0
1991	3.3	4.0	4.7	5.4	6.1	1.1
1992	3.7	4.4	5.1	5.8	6.5	1.1
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.9	5.5	6.2	6.9	7.5	1.0
2001-2005	3.9	4.6	5.4	6.2	6.9	1.2
2006-2010	3.5	4.2	5.0	5.8	6.5	1.2
2011-2025	3.6	4.3	5.0	5.7	6.4	1.1

5.4 Construction Cost Indicies: Transmission Systems

5.4.1a Labour - Transformer Stations

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	7.7	7.9	8.1	8.3	8.5	0.3
1989	5.4	5.8	6.3	6.8	7.2	0.7
1990	4.4	5.0	5.6	6.2	6.8	0.9
1991	4.0	4.6	5.2	5.8	6.4	0.9
1992	3.7	4.4	5.2	6.0	6.7	1.2
1991-1995	4.1	4.7	5.3	5.9	6.5	0.9
1996-2000	4.7	5.3	6.0	6.7	7.3	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.4.1b Labour - Transmission Lines

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.3	4.5	4.7	4.9	5.1	0.3
1989	3.6	4.0	4.5	5.0	5.4	0.7
1990	3.5	4.1	4.7	5.3	5.9	0.9
1991	3.5	4.1	4.7	5.3	5.9	0.9
1992	3.2	3.9	4.7	5.5	6.2	1.2
1991-1995	3.8	4.4	5.0	5.6	6.2	0.9
1996-2000	4.4	5.0	5.7	6.4	7.0	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.4.1c Labour - Engineering

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.1	3.5	4.0	4.5	4.9	0.7
1990	3.3	3.9	4.5	5.1	5.7	0.9
1991	3.3	3.9	4.5	5.1	5.7	0.9
1992	3.2	3.8	4.5	5.2	5.8	1.0
1991-1995	3.6	4.2	4.8	5.4	6.0	0.9
1996-2000	4.2	4.8	5.5	6.2	6.8	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.4.2a Transmission Line Materials - 500kv Lattice

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.7	4.0	4.3	4.6	4.9	0.5
1989	2.8	3.2	3.7	4.2	4.6	0.7
1990	3.1	3.8	4.5	5.2	5.9	1.1
1991	3.2	3.9	4.7	5.5	6.2	1.2
1992	3.5	4.2	5.0	5.8	6.5	1.2
1991-1995	3.1	3.9	4.8	5.7	6.5	1.3
1996-2000	4.1	4.9	5.8	6.7	7.5	1.3
2001-2005	3.8	4.6	5.5	6.4	7.2	1.3
2006-2010	3.2	4.1	5.0	5.9	6.8	1.4
2011-2025	3.5	4.2	5.0	5.8	6.5	1.2

5.4.2b Transmission Line Materials - 230kv Lattice

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.4	3.7	4.0	4.3	4.6	0.5
1989	2.7	3.1	3.6	4.1	4.5	0.7
1990	2.9	3.6	4.3	5.0	5.7	1.1
1991	3.0	3.7	4.5	5.3	6.0	1.2
1992	3.4	4.1	4.9	5.7	6.4	1.2
1991-1995	3.0	3.8	4.7	5.6	6.4	1.3
1996-2000	4.2	5.0	5.9	6.8	7.6	1.3
2001-2005	3.8	4.6	5.5	6.4	7.2	1.3
2006-2010	3.2	4.1	5.0	5.9	6.8	1.4
2011-2025	3.5	4.2	5.0	5.8	6.5	1.2

5.4.2c Transmission Line Materials - 230kv Steel Pole

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	1.5	1.8	2.1	2.4	2.7	0.5
1989	1.7	2.1	2.6	3.1	3.5	0.7
1990	2.1	2.8	3.5	4.2	4.9	1.1
1991	2.5	3.2	4.0	4.8	5.5	1.2
1992	2.5	3.2	4.0	4.8	5.5	1.2
1991-1995	2.6	3.4	4.3	5.2	6.0	1.3
1996-2000	3.4	4.2	5.1	6.0	6.8	1.3
2001-2005	3.8	4.6	5.5	6.4	7.2	1.3
2006-2010	3.2	4.1	5.0	5.9	6.8	1.4
2011-2025	3.5	4.2	5.0	5.8	6.5	1.2

5.4.3a Transmission Stations Material - 500kv Station (Conventional)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.0	3.4	3.8	4.2	4.6	0.6
1989	3.3	3.7	4.1	4.5	4.9	0.6
1990	2.8	3.4	4.1	4.8	5.4	1.0
1991	3.1	3.8	4.5	5.2	5.9	1.1
1992	3.7	4.4	5.2	6.0	6.7	1.2
1991-1995	3.3	3.9	4.6	5.3	5.9	1.0
1996-2000	4.5	5.2	5.9	6.6	7.3	1.1
2001-2005	3.9	4.6	5.4	6.2	6.9	1.2
2006-2010	3.3	4.1	5.0	5.9	6.7	1.3
2011-2025	3.6	4.3	5.1	5.9	6.6	1.2

5.4.3b Transformer Stations Materials - 500kv Stations (SF6)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.2	3.6	4.0	4.4	4.8	0.6
1989	3.9	4.3	4.7	5.1	5.5	0.6
1990	3.3	3.9	4.6	5.3	5.9	1.0
1991	3.6	4.3	5.0	5.7	6.4	1.1
1992	4.7	5.4	6.2	7.0	7.7	1.2
1991-1995	3.9	4.5	5.2	5.9	6.5	1.0
1996-2000	5.7	6.4	7.1	7.8	8.5	1.1
2001-2005	4.8	5.5	6.3	7.1	7.8	1.2
2006-2010	4.2	5.0	5.9	6.8	7.6	1.3
2011-2025	4.5	5.2	6.0	6.8	7.5	1.2

5.4.3c Transformer Stations Material - 230kv Station

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.3	3.7	4.1	4.5	4.9	0.6
1989	3.5	3.9	4.3	4.7	5.1	0.6
1990	2.9	3.5	4.2	4.9	5.5	1.0
1991	3.1	3.8	4.5	5.2	5.9	1.1
1992	3.7	4.4	5.2	6.0	6.7	1.2
1991-1995	3.2	3.8	4.5	5.2	5.8	1.0
1996-2000	4.4	5.1	5.8	6.5	7.2	1.1
2001-2005	3.9	4.6	5.4	6.2	6.9	1.2
2006-2010	3.4	4.2	5.1	6.0	6.8	1.3
2011-2025	3.6	4.3	5.1	5.9	6.6	1.2

5.4.3d Transformer Station Materials - 115kv Station

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.1	4.5	4.9	5.3	5.7	0.6
1989	4.9	5.3	5.7	6.1	6.5	0.6
1990	3.9	4.3	4.7	5.1	5.5	1.0
1991	3.6	4.2	4.9	5.6	6.2	1.1
1992	4.3	5.0	5.7	6.4	7.1	1.2
1991-1995	3.1	3.8	4.6	5.4	6.1	1.0
1996-2000	4.3	4.9	5.6	6.3	6.9	1.1
2001-2005	4.1	4.8	5.5	6.2	6.9	1.2
2006-2010	3.6	4.3	5.1	5.9	6.6	1.3
2011-2025	3.4	4.2	5.1	6.0	6.8	1.2

5.5 Construction Cost Indicies: Regions and Distribution Systems

5.5.1a Distribution Stations - Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	9.7	9.9	10.1	10.3	10.5	0.3
1989	3.7	4.1	4.6	5.1	5.5	0.7
1990	4.9	5.5	6.1	6.7	7.3	0.9
1991	3.6	4.2	4.8	5.4	6.0	0.9
1992	3.3	4.0	4.8	5.6	6.3	1.2
1991-1995	3.6	4.2	4.8	5.4	6.0	0.9
1996-2000	4.2	4.8	5.5	6.2	6.8	1.0
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.5.1b Distribution Stations - Materials

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.0	3.4	3.8	4.2	4.6	0.6
1989	3.1	3.5	3.9	4.3	4.7	0.6
1990	2.7	3.3	4.0	4.7	5.3	1.0
1991	2.9	3.6	4.3	5.0	5.7	1.1
1992	3.6	4.3	5.1	5.9	6.6	1.2
1991-1995	3.2	3.8	4.5	5.2	5.8	1.0
1996-2000	4.5	5.2	5.9	6.6	7.3	1.1
2001-2005	3.9	4.6	5.4	6.2	6.9	1.2
2006-2010	3.4	4.2	5.1	6.0	6.8	1.3
2011-2025	3.6	4.3	5.1	5.9	6.6	1.2

5.5.2a Regions - Labour

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.2	3.6	4.0	4.4	4.8	0.6
1990	3.7	4.1	4.5	4.9	5.3	0.6
1991	3.6	4.0	4.5	5.0	5.4	0.7
1992	3.0	3.7	4.5	5.3	6.0	1.2
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.1	4.8	5.5	6.2	6.9	1.1
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.5.2b Regions - Materials

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	2.3	2.5	2.7	2.9	3.1	0.3
1989	2.1	2.7	3.4	4.1	4.7	1.0
1990	3.0	3.7	4.5	5.3	6.0	1.2
1991	3.3	4.0	4.8	5.6	6.3	1.2
1992	3.6	4.6	5.7	6.8	7.8	1.6
1991-1995	3.3	4.0	4.8	5.6	6.3	1.2
1996-2000	5.0	5.7	6.5	7.3	8.0	1.2
2001-2005	3.8	4.6	5.5	6.4	7.2	1.3
2006-2010	3.3	4.1	5.0	5.9	6.7	1.3
2011-2025	3.6	4.3	5.0	5.7	6.4	1.1

5.5.2c Regions - Transport and Work Equipment

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	2.0	2.2	2.5	2.8	3.0	0.4
1989	3.4	4.1	4.8	5.5	6.2	1.1
1990	3.4	4.2	5.1	6.0	6.8	1.3
1991	3.1	3.9	4.8	5.7	6.5	1.3
1992	2.2	3.2	4.3	5.4	6.4	1.6
1991-1995	2.3	3.6	4.4	5.2	6.5	1.2
1996-2000	4.3	5.0	5.8	6.6	7.3	1.2
2001-2005	4.5	5.1	6.0	6.9	7.5	1.3
2006-2010	4.0	4.8	5.7	6.6	7.4	1.3
2011-2025	3.8	4.8	5.5	6.2	7.2	1.1

5.6 Operations, Maintenance, and Administrative Indicies

5.6.1a Ontario Hydro Labour(1)

	80%					
		50%				
YEAR			MOST LIKELY			STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.2	3.6	4.0	4.4	4.8	0.6
1990	3.7	4.1	4.5	4.9	5.3	0.6
1991	3.6	4.0	4.5	5.0	5.4	0.7
1992	3.0	3.7	4.5	5.3	6.0	1.2
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.1	4.8	5.5	6.2	6.9	1.1
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.6.1b Ontario Hydro Material(2)

	80%					
		50%				
YEAR			MOST LIKELY			STANDARD ERROR
1988	2.9	3.3	3.7	4.1	4.5	0.6
1989	3.0	3.3	3.8	4.3	4.6	0.7
1990	3.0	3.4	3.9	4.4	4.8	0.7
1991	3.1	3.5	4.0	4.5	4.9	0.8
1992	3.1	3.5	4.1	4.7	5.1	0.9
1991-1995	2.8	3.5	4.0	4.5	5.2	0.8
1996-2000	3.6	4.0	4.6	5.2	5.6	0.9
2001-2005	4.3	4.8	5.5	6.2	6.7	1.0
2006-2010	4.1	4.7	5.4	6.1	6.7	1.0
2011-2025	3.8	4.4	5.1	5.8	6.4	1.0

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(1) Year-end Percentage Change over the previous year-end
(2) Annual Average Percent Change

5.6.2a Generating Station Labour(1)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.7	3.9	4.1	4.3	4.5	0.3
1989	3.2	3.6	4.0	4.4	4.8	0.6
1990	3.7	4.1	4.5	4.9	5.3	0.6
1991	3.6	4.0	4.5	5.0	5.4	0.7
1992	3.0	3.7	4.5	5.3	6.0	1.2
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.1	4.8	5.5	6.2	6.9	1.1
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.6.2b Generating Station Material(2)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	2.4	2.6	2.9	3.2	3.4	0.4
1989	3.0	3.4	3.9	4.4	4.8	0.7
1990	3.1	3.6	4.1	4.6	5.1	0.8
1991	3.5	4.1	4.7	5.3	5.9	0.9
1992	3.7	4.4	5.1	5.8	6.5	1.1
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.8	5.4	6.1	6.8	7.4	1.0
2001-2005	4.0	4.7	5.4	6.1	6.8	1.1
2006-2010	3.6	4.3	5.0	5.7	6.4	1.1
2011-2025	3.7	4.3	5.0	5.7	6.3	1.0

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(1) Year-end Percentage Change over the previous year-end.
(2) Annual Average Percent Change

5.6.3a Transmission System Labour(1)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.6	3.8	4.0	4.2	4.4	0.3
1989	3.2	3.6	4.0	4.4	4.8	0.6
1990	3.7	4.1	4.5	4.9	5.3	0.6
1991	3.6	4.0	4.5	5.0	5.4	0.7
1992	3.0	3.7	4.5	5.3	6.0	1.2
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.1	4.8	5.5	6.2	6.9	1.1
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.6.3b Transmission System Material(2)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	4.8	5.1	5.4	5.7	6.0	0.5
1989	4.2	4.8	5.4	6.0	6.6	0.9
1990	3.4	4.1	4.8	5.5	6.2	1.1
1991	3.5	4.2	4.9	5.6	6.3	1.1
1992	3.8	4.5	5.3	6.1	6.8	1.2
1991-1995	3.9	4.6	5.3	6.0	6.7	1.1
1996-2000	3.9	4.7	5.6	6.5	7.3	1.3
2001-2005	4.3	5.1	6.0	6.9	7.7	1.3
2006-2010	3.8	4.7	5.6	6.5	7.4	1.4
2011-2025	4.1	4.8	5.5	6.2	6.9	1.1

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(1) Year-end Percentage Change over the previous year-end.
(2) Annual Average Percent Change

5.6.4a Regions & Distribution Systems - Labour(1)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.7	3.9	4.1	4.3	4.5	0.3
1989	3.2	3.6	4.0	4.4	4.8	0.6
1990	3.7	4.1	4.5	4.9	5.3	0.6
1991	3.6	4.0	4.5	5.0	5.4	0.7
1992	3.0	3.7	4.5	5.3	6.0	1.2
1991-1995	3.5	4.1	4.8	5.5	6.1	1.0
1996-2000	4.1	4.8	5.5	6.2	6.9	1.1
2001-2005	5.6	6.3	7.0	7.7	8.4	1.1
2006-2010	5.6	6.3	7.0	7.7	8.4	1.1
2011-2025	5.1	5.8	6.5	7.2	7.9	1.1

5.6.4b Regions & Distribution Systems - Materials(2)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	3.9	4.1	4.3	4.5	4.7	0.3
1989	3.7	4.3	5.0	5.7	6.3	1.0
1990	3.3	4.0	4.8	5.6	6.3	1.2
1991	3.5	4.2	5.0	5.8	6.5	1.2
1992	3.7	4.7	5.8	6.9	7.9	1.6
1991-1995	3.2	3.9	4.7	5.5	6.2	1.2
1996-2000	4.4	5.1	5.9	6.7	7.4	1.2
2001-2005	3.8	4.6	5.5	6.4	7.2	1.3
2006-2010	3.3	4.1	5.0	5.9	6.7	1.3
2011-2025	3.6	4.3	5.0	5.7	6.4	1.1

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(1) Year-end Percentage Change over the previous year-end.
(2) Annual Average Percent Change

5.7 Ontario Hydro Interest Rates

5.7.1 Longs in the United States(1)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	7.9	8.9	10.0	11.1	12.1	1.6
1989	7.5	8.8	10.3	11.8	13.1	2.2
1990	5.7	7.2	8.8	10.4	11.9	2.4
1991	4.7	6.7	8.9	11.1	13.1	3.3
1992	5.1	7.1	9.3	11.5	13.5	3.3
1991-1995	4.8	6.8	9.0	11.2	13.2	3.3
1996-2000	4.8	6.8	9.0	11.2	13.2	3.3
2001-2005	3.9	6.2	8.7	11.2	13.5	3.7
2006-2010	3.7	6.0	8.5	11.0	13.3	3.7
2011-2025	3.2	5.5	8.0	10.5	12.8	3.7

5.7.2 Longs in Canada(1)

YEAR	80%	50%	MOST LIKELY	50%	80%	STANDARD ERROR
1988	7.9	9.2	10.7	12.2	13.5	2.1
1989	7.6	9.1	10.9	12.7	14.2	2.6
1990	5.8	7.6	9.6	11.6	13.4	3.0
1991	5.9	7.7	9.7	11.7	13.5	3.0
1992	6.3	8.1	10.1	12.1	13.9	3.0
1991-1995	5.9	7.8	9.8	11.8	13.7	3.0
1996-2000	6.1	8.0	10.0	12.0	13.9	3.0
2001-2005	5.8	7.8	10.0	12.2	14.2	3.3
2006-2010	5.1	7.2	9.5	11.8	13.9	3.4
2011-2025	4.6	6.7	9.0	11.3	13.4	3.4

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(1) Percent

6.0 ONTARIO HYDRO COST ESCALATOR ALTERNATIVE SCENARIOS

6.1 Construction Cost Indices: Composite Indices

6.1.1 Nuclear Generating Stations

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.4	5.6	5.1	4.3
1989	4.9	5.3	6.1	3.4
1990	4.7	5.2	6.4	1.9
1991	4.0	5.1	6.0	2.9
1992	4.7	5.3	6.8	3.3
1991-1995	4.8	5.3	7.1	3.0
1996-2000	4.9	6.2	8.8	2.0
2001-2005	5.0	6.5	11.0	1.0
2006-2010	4.5	6.4	10.2	2.0
2011-2025	4.5	6.0	10.2	2.0

6.1.2 Hydraulic Generating Stations

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.1	5.6	4.5	3.9
1989	4.8	5.5	6.3	3.1
1990	4.6	5.3	6.6	1.4
1991	4.0	5.3	6.1	2.8
1992	4.7	5.5	7.0	3.1
1991-1995	4.0	5.3	7.3	3.0
1996-2000	4.9	6.2	8.8	1.7
2001-2005	4.9	6.5	11.0	1.0
2006-2010	4.4	6.4	10.2	2.0
2011-2025	4.4	6.0	10.2	2.0

6.1.3 Fossil Generating Stations

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	3.7	4.8	4.9	3.4
1989	4.6	5.3	6.2	3.3
1990	4.5	5.4	6.5	1.4
1991	4.2	5.5	6.2	3.0
1992	4.9	5.7	7.0	3.4
1991-1995	4.7	5.4	7.4	3.2
1996-2000	4.9	6.3	9.2	2.5
2001-2005	4.8	6.4	11.0	0.8
2006-2010	4.3	6.2	10.3	1.5
2011-2025	4.3	5.9	10.3	1.5

6.1.4 Transmission Systems

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.5	4.7	5.3	4.2
1989	4.7	4.4	6.4	2.8
1990	4.3	4.6	6.5	0.6
1991	3.5	4.7	6.1	2.1
1992	4.3	4.9	6.9	2.5
1991-1995	4.3	4.9	7.3	2.4
1996-2000	4.5	5.8	9.5	0.8
2001-2005	4.9	6.4	11.0	0.9
2006-2010	4.4	6.3	10.2	2.0
2011-2025	4.4	6.0	10.2	2.0

6.1.5 Regions

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	3.3	3.2	4.6	2.8
1989	3.9	3.8	6.6	2.0
1990	3.6	4.6	6.9	-1.2
1991	3.0	4.7	5.9	1.3
1992	4.0	5.1	7.3	1.9
1991-1995	3.8	4.8	7.3	1.7
1996-2000	3.9	6.0	9.4	0.6
2001-2005	4.4	6.1	11.0	0.6
2006-2010	3.9	5.9	10.2	2.0
2011-2025	3.9	5.6	10.2	2.0

6.2 Operation, Maintenance and Administration Indices

6.2.1a Ontario Hydro - Labour

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.7	4.0	4.7	3.6
1989	5.7	4.0	6.0	3.0
1990	5.0	4.5	6.1	1.3
1991	3.7	4.5	5.6	2.2
1992	4.6	4.5	6.2	2.5
1991-1995	4.6	4.8	6.5	2.2
1996-2000	4.9	5.5	7.5	-0.4
2001-2005	5.6	7.0	11.0	1.3
2006-2010	5.1	7.0	10.0	2.9
2011-2025	5.1	6.5	10.0	2.9

6.2.1b Ontario Hydro - Material

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	3.9	3.7	5.5	3.6
1989	4.2	3.8	6.5	2.4
1990	3.8	3.9	7.0	0.6
1991	3.1	4.0	6.8	1.7
1992	3.6	4.1	7.5	2.1
1991-1995	3.8	4.0	7.7	1.9
1996-2000	4.0	4.6	10.7	2.2
2001-2005	4.5	5.5	11.0	0.5
2006-2010	4.0	5.4	10.5	1.6
2011-2025	4.0	5.1	10.5	1.6

6.2.2a Generating Stations - Labour

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.7	4.1	4.7	4.6
1989	5.7	4.0	6.0	3.0
1990	5.0	4.5	6.1	1.3
1991	3.7	4.5	5.6	2.2
1992	4.6	4.5	6.2	2.5
1991-1995	4.6	4.8	6.4	2.3
1996-2000	4.9	5.5	7.6	-0.4
2001-2005	5.6	7.0	11.0	1.3
2006-2010	5.1	7.0	10.0	2.9
2011-2025	5.1	6.5	10.0	2.9

6.2.2b Generating Stations - Material

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	2.8	2.9	5.5	2.5
1989	3.3	3.9	6.5	2.9
1990	3.4	4.1	7.0	1.4
1991	4.0	4.7	6.8	3.3
1992	4.4	5.1	7.5	3.7
1991-1995	4.0	4.8	7.7	3.5
1996-2000	4.6	6.1	10.7	4.1
2001-2005	3.6	5.4	11.0	0.2
2006-2010	3.1	5.0	10.5	1.4
2011-2025	3.1	5.0	10.5	1.4

6.2.3a Transmission Systems - Labour

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.7	4.0	5.5	4.6
1989	5.7	4.0	6.5	3.0
1990	5.0	4.5	7.0	1.3
1991	3.7	4.5	6.8	2.2
1992	4.6	4.5	7.5	2.5
1991-1995	4.6	4.8	7.7	2.3
1996-2000	4.9	5.5	10.7	-0.4
2001-2005	5.6	7.0	11.0	1.3
2006-2010	5.1	7.0	10.5	2.9
2011-2025	5.1	6.5	10.5	2.9

6.2.3b Transmission Systems - Materials

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	5.1	5.4	6.5	4.6
1989	4.9	5.4	8.3	3.4
1990	3.5	4.8	6.8	-1.3
1991	3.1	4.9	5.8	1.3
1992	3.9	5.3	7.1	1.8
1991-1995	3.5	5.3	7.3	1.5
1996-2000	3.3	5.6	8.8	0.7
2001-2005	4.2	6.0	11.0	0.4
2006-2010	3.7	5.6	10.2	1.9
2011-2025	3.7	5.5	10.2	1.9

6.2.4a Regions - Labour

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.7	4.1	5.5	4.6
1989	5.7	4.0	6.5	3.0
1990	5.0	4.5	7.0	1.3
1991	3.7	4.5	6.8	2.2
1992	4.6	4.5	7.5	2.5
1991-1995	4.6	4.8	7.7	2.3
1996-2000	4.9	5.5	10.7	-0.4
2001-2005	5.6	7.0	11.0	1.3
2006-2010	5.1	7.0	10.5	2.9
2011-2025	5.1	6.5	10.5	2.9

6.2.4b Regions - Materials

	Higher Productivity	Most Likely	Higher Inflation	Deflation
1988	4.2	4.3	6.0	3.5
1989	3.6	5.0	8.5	2.6
1990	2.4	4.8	6.8	-3.4
1991	2.5	5.0	5.3	0.4
1992	3.6	5.8	7.1	1.2
1991-1995	3.0	4.7	7.3	0.7
1996-2000	2.5	5.9	8.4	1.0
2001-2005	3.5	5.5	11.0	0.0
2006-2010	3.0	5.0	10.0	1.4
2011-2025	3.0	5.0	10.0	1.4

7.0 CANADIAN MATERIAL PRICES
(Annual Average % Change)

7.1 Industry Product Prices (1) (IPPI)

SIC	D#		1987A	1988	1989	1990	1991	1992	1993	1994	1995	1996-2000
	D614001	IPPI: Total Manufacturing	2.6	3.7	4.5	5.4	5.9	5.6	5.5	5.2	4.8	5.0
08-2513	D614169	Sawmills and Planing Mills (2)	1.5	2.4	2.8	7.1	7.4	7.9	6.7	5.9	5.4	7.4
12	D614079	PRIMARY METAL	5.4	14.4	5.1	6.4	7.0	7.4	6.4	5.6	5.1	7.0
12-2910	D614180	Iron and Steel Mills (3)	1.0	3.5	3.9	4.7	4.5	4.6	4.7	5.1	5.5	6.2
12-2910-701	D611742	Steel Castings	1.3	2.0	3.5	4.5	5.4	5.4	5.6	6.1	6.3	6.3
12-2910-706	D613219	Sheet and Strip	2.8	5.0	4.7	4.0	6.3	5.3	4.7	4.9	5.5	5.5
12-2920	D614082	Steel Pipe and Tube Mills	0.6	3.0	2.6	2.7	3.2	5.5	5.4	4.9	5.4	6.6
12-2940	D614083	Iron Foundries	1.8	2.0	3.2	3.2	4.0	4.2	4.4	5.0	5.4	5.8
12-2960	D614086	Aluminum Rolling, Casting and Extruding	2.9	9.5	2.4	3.6	4.0	3.1	4.2	5.1	4.3	3.7
13	D614089	METAL FABRICATING	3.0	3.5	5.6	5.5	5.3	6.1	5.3	4.5	5.0	6.6
13-3090-025		Valves, Iron & Steel Body	4.4	2.5	6.3	6.2	5.9	6.9	6.2	4.9	5.5	7.5
14	D582900	MACHINERY	2.9	2.1	4.5	5.9	6.5	6.6	5.1	4.7	4.6	6.2
16	D587300	ELECTRIC PRODUCTS	1.8	3.1	3.5	3.8	4.2	5.3	4.3	3.8	4.4	6.3
16-3360	D614186	Manuf of Elec Industrial Eqpt	3.0	3.5	4.4	2.7	4.0	4.4	4.5	4.7	4.9	5.2
16-3360-710	D612251	Industrial Control and Eqpt	2.4	4.0	4.3	3.0	3.7	4.0	4.4	4.5	4.7	5.3
16-3380	D614136	Manufacturers of Electric Wire and Cable	5.4	12.0	3.4	4.3	4.4	4.5	4.5	4.7	4.9	5.2
17	D541400	NON-METALIC MINERAL PRODUCTS	3.7	4.1	5.4	4.2	4.7	5.0	4.6	3.6	4.9	6.6
17-3550	D614140	Ready-Mix Concrete Mfgs (4)	3.8	4.5	6.2	5.2	5.1	5.8	5.5	4.7	5.7	7.1
18-3651	D614144	Petroleum & Coal Products	-4.9	-4.0	6.8	8.1	6.4	2.2	3.9	3.5	2.6	8.0
19	D614145	CHEMICAL and CHEMICAL PRODUCTS	3.0	6.3	6.0	5.2	5.3	5.8	5.2	3.6	4.4	6.3
19-3782	D614146	Inorganic Industrial Chemicals	-1.6	3.0	3.1	3.3	3.7	3.9	3.8	3.7	4.0	5.5
19-3783	D614147	Organic Industrial Chemicals	5.5	18.0	5.7	6.0	4.2	4.1	3.7	4.5	5.1	5.4
20-3911-018		Misc. Measures & Control Eqpt	1.3	3.5	5.0	5.7	5.9	5.9	5.8	5.5	5.2	5.8

(1) Starting January 1986, all ISPIs are revised, rebased, or restructured.
The newly developed industrial material prices are called Industrial Product Price Indices (IPPI).
See explanatory notes for details.
(2) Proxy for lumber.
(3) Proxy for steel.
(4) Proxy for concrete.
A Actual

7.2 Construction Material Prices (1)

D#		1987A	1988	1989	1990	1991	1992	1993	1994	1995	1996-2000
D649835	Canada Non-Residential Building Construction Material Prices (2)	3.7	2.4	6.6	5.0	5.2	5.8	4.6	3.0	3.9	5.4
D644775	Machinery & Equipment - Construction	-1.4	2.0	4.3	4.3	4.6	4.9	5.1	5.3	5.5	6.1

(1) Historial Indices appear in Statistics Canada catalogue #62-007, "Construction Price Statistics".
(2) Replaces D476601, Canada Total Non-Residential Building Construction Input Prices, which has been discontinued starting 1985.

7.3 Metal Prices (1)

	1987A	1988	1989	1990	1991-1995
Aluminum	29.4	60.0	-8.0	5.0	4.5
Copper	22.1	30.0	-8.0	4.5	4.0
Nickel	19.3	180.0	-12.0	5.5	4.5
Lead	39.8	5.0	-6.0	2.5	3.0

(1) Historical Indices available upon rquest. Prices refer to London Metal Exchange (LME) cash prices in Canadian dollars.

8.0 CANADIAN AND ONTARIO LABOUR COSTS
(Annual Average % Change)

8.1 Average Hourly Earnings by Industry (1)

SIC	L#		1987A	1988	1989	1990	1991	1992	1993	1994	1995	1996-2000
		CANADA										
101-399	L5607	MANUFACTURING	2.4	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0
291-298	L5621	Primary Metal Industries	3.2	3.0	5.1	5.2	4.8	5.2	5.4	6.1	6.1	6.5
291	L5622	Iron and Steel Mills	5.3	1.0	5.5	5.6	5.2	5.6	5.8	6.5	6.5	6.9
301-309	L5629	Metal Fabricating Industries	5.7	2.4	5.0	5.8	5.1	5.2	5.2	5.4	5.6	5.8
302	L5631	Fabricated Structural Metals	5.3	0.3	4.0	4.9	4.1	4.2	4.2	4.5	4.7	4.9
309	L5638	Misc. Metal Fabricating	5.3	3.2	5.3	6.0	5.4	5.5	5.5	5.7	5.8	6.0
311-318	L5639	Machinery Except Electrical	2.8	2.6	5.1	5.4	5.2	6.0	6.1	6.1	6.3	6.8
315	L5641	Misc. Machinery and Equipment	2.5	2.7	4.5	4.2	4.7	4.8	4.8	5.1	5.3	5.7
331-339	L5652	Electrical Products	3.5	2.8	5.2	5.5	5.5	5.8	5.8	5.5	6.1	6.4
336	L5658	Electrical Industrial Eqt.	6.3	2.4	5.2	5.5	5.5	5.8	5.8	5.9	6.1	6.4
338	L5659	Electrical Wire and Cable	3.2	1.7	6.1	6.3	6.3	6.5	6.5	6.6	6.7	6.9
404-421	L5739	CONSTRUCTION	4.0	2.5	5.2	4.9	5.5	5.3	5.3	5.9	6.2	7.1
421	L5742	Special Trade Contractors	3.4	2.7	4.6	4.1	4.7	4.5	4.5	5.2	5.6	6.5
		ONTARIO										
101-399	L33282	MANUFACTURING	3.7	5.5	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0
404-421	L33375	CONSTRUCTION	7.0	4.5	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0

(1) Historical indices appear in Statistics Canada Catalogues 72-002, "Employment, Earnings and Hours, Table 11, and 11-003E "Canadian Statistical Review".

8.2 Construction Trade Wages for Ontario (1)

	1987A	1988	1989	1990	1991-1995
Boilermaker	3.1	5.1	5.8	5.0	5.0
Carpenter	3.4	5.5	6.3	5.0	5.0
Cement Mason	3.6	7.1	7.6	5.5	5.0
Electrician	3.7	8.3	5.0	5.0	5.0
Insulation Mechanic	2.7	5.1	5.9	5.0	5.0
Ironworker	3.1	5.1	5.9	5.0	5.0
Labourer	4.2	10.5	8.7	5.5	5.5
Millwright	3.2	5.2	5.9	5.0	5.0
Operating Engineer	2.1	4.9	6.0	5.0	5.0
Painter	3.5	6.7	6.9	5.5	5.0
Plumber and Pipefitter	3.2	7.9	7.0	5.0	5.0
Rodman	3.3	5.5	6.9	5.0	5.0
Teamster	4.0	6.5	7.3	5.5	5.5

(1) Annual percentage change. Includes benefits. Historical data appears in Statistics Canada Catalogue 62-007, 62-008. "Construction Price Statistics," and Ontario Ministry of Labour, "Hours, Wages and Related Payments in the Ontario Construction Industry.

A Actual

9.0 UNITED STATES AND OTHER COUNTRIES
(Annual Average % Change)

9.1 Wholesale Price Indices: United States

DRI Series	(Table/SIC code)		1986A	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000
WPINS	(T6)	All Commodities (1)	-2.9	2.6	4.4	5.0	4.2	3.0	5.0	5.0	6.0
WPIMNS	(T5)	Manufactured Goods (1)	-2.2	2.7	4.5	5.0	4.0	4.0	4.5	4.5	5.0
WPI10NS	(T6/10)	Metal and Metal Products (1)	-1.2	3.8	10.0	6.0	2.0	2.5	4.5	4.5	5.0
WPI101NS	(T6/101) (1)	Iron and Steel Mills	-3.5	3.4	10.5	6.0	3.5	3.5	4.5	4.5	5.0
WPI1017NS	(T5/1017)	Steel Mill Products (1)	-4.8	2.6	7.0	5.5	4.0	3.5	4.5	4.5	5.0
WPIMDNS	(T5)	Durable Goods (1)	0.9	1.9	4.2	4.5	4.0	4.0	4.5	4.5	5.0
WPINDNS	(T6)	Industrial Commodities (1)	-3.6	2.6	4.1	4.8	4.0	3.0	5.0	5.0	6.0
WPI114NS	(T6/114)	General Purpose Mach. & Equip. (1)	1.4	1.0	3.7	4.8	4.0	3.5	4.5	4.5	5.0
WPI1015NS	(T6/1015)	Foundry & Forge (1)	0.0	0.5	4.2	4.8	4.0	3.8	4.5	4.5	5.0
Iron Age	-	Finished Steel Base (2)	-9.2	0.8	-1.0	2.0	3.0	3.0	4.0	4.0	4.5
WPI107NS	(T6/107)	Fabricated Struct. Metal Prod. (1)	0.3	1.8	7.7	5.8	4.0	3.8	4.5	4.5	5.0

Sources: (1) US Department of Labour, Producer Prices and Price Indices
(2) Iron Age Magazine

A Actual

9.2 Wholesale Price Indices: Other Countries (1)

	1986A	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000
West Germany	-2.9	-2.3	1.4	2.5	2.0	2.5	3.0	3.0	3.5
Switzerland	-1.7	-2.4	2.3	2.7	1.5	2.5	3.0	3.0	3.5
United Kingdom	4.5	3.8	4.5	5.0	5.0	4.5	4.5	4.5	4.5
Japan	-9.4	-3.8	-1.2	2.5	3.0	3.0	2.5	3.0	3.5

Sources: (1) Historical Indices Available Upon Request

A Actual

9.3 Average Hourly Earnings: United States

DRI Series	(Table)		1986A	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000
CPIUNS		Consumer Price Index	1.9	3.7	4.1	4.9	4.4	3.9	4.5	4.5	5.0
AHEMNS	(TC-2)	A.H.E. Manufacturing (1)	2.9	2.7	3.8	4.6	5.0	4.6	5.0	5.2	6.0
AHE33NS	(TC-2)	Primary Metal Industries (1)	1.6	0.7	2.5	4.0	5.0	4.5	4.5	5.0	5.2
AHE35NS	(TC-2)	Machinery Except Electrical (1)	2.7	1.2	2.5	4.2	5.0	4.5	4.5	5.0	5.8
AHE34NS	(TC-2)	Fabricated Metal Products (1)	1.8	1.2	2.5	4.3	4.7	4.5	4.5	4.8	4.8
AHEMONS	(TC-2)	Durable Goods (1)	1.9	1.4	2.9	4.2	4.6	4.6	4.7	5.0	5.8
AHD36NS	(TC-2)	Electrical Equipment (1)	1.9	2.4	3.3	4.5	5.0	4.6	4.6	5.0	5.5
		Iron & Steel Institute (2)	2.4	1.2	5.9	6.0	5.2	4.5	4.5	4.8	5.8

Sources: (1) US Department of Labour, Employment and Earnings
(2) American Iron and Steel Institute, Monthly Employment Costs (202-452-7251)

A Actual

9.4 Average Hourly Earnings: Other Countries (1)

	1986A	1987A	1988	1989	1990	1991	1992	1991-1995	1996-2000
West Germany	4.2	3.5	4.0	4.5	5.0	5.5	5.0	5.3	5.5
Switzerland	3.0	3.0	3.5	4.5	4.5	4.5	5.0	4.7	5.0
United Kingd	7.4	7.4	8.5	8.0	8.0	7.5	7.0	7.0	6.5
Japan	4.5	3.6	3.8	4.5	5.0	5.0	5.0	5.2	6.0

Sources: (1) Historical Indices Available Upon Request

A Actual

EXPLANATORY NOTES

ONTARIO HYDRO COST ESCALATORS

Previous Data - Data for the period 1967-1985 are available on request.

Application - All of the indices reflect composite increases on a Province-wide basis, and therefore should only be applied to estimates of a general nature.

Historic Data Base - Statistics Canada material is used where meaningful internal data are not available. The material baskets are composed of a representative sample of materials used. Weightings of M&P and OHEU are based on actual staffing by each Division.

Index - Cumulative percentage variation from 100.

Labour Rates - Generally based on payments to employees per week of normal employment. Escalation resulting from changes in productivity (eg, shorter work week, increased vacation allowance, improved work methods), in contributions made on behalf of employees (eg, a larger share of pension costs), or in rates of pay from premium time, is therefore not included in the data. Construction trade group rates vary slightly from the foregoing statement; further information is available on request.

Transport and Work Equipment - The data and weightings used in the Transport and Work Equipment Basket are tentative and caution should be exercised in detailed reliance on the index shown. However, it is felt that the index is indicative of the general trend in price movements of this category.

Ontario Hydro - OM&A Material - The data and weightings used in the Administrative Services Basket are tentative and caution should be exercised in detailed reliance on the index shown. However, it is felt that the index is indicative of the general trend in prices for this category.

Interest Rates Ontario Hydro Short-In Canada - The coupon rate of interest that Ontario Hydro pays on newly issued notes with maturities of less than one year.

Interest Rates - Ontario Hydro Intermediate In Canada - The coupon rate of interest that Ontario Hydro pays on its Canadian newly issued bonds with a maturity of 5 to 10 years.

Interest Rates - Ontario Hydro Long-In Canada - The coupon rate of interest that Ontario Hydro pays on all its newly issued Canadian issue bonds, with maturities of greater than 10 years.

Interest Rates - Ontario Hydro Intermediate - In USA	- The coupon rate of interest that Ontario Hydro pays on its US dollar newly issued bonds with a maturity of 5 to 10 years.
Interest Rates - Ontario Hydro Long-in the USA	- The coupon rate of interest that Ontario Hydro pays on all of its US dollar newly issued bonds with maturities of greater than 10 years.

NEW IPPI	OLD ISPI	New Description
1981=100	1971=100	
D614001	D500000	IPPI: Total Manufacturing
D614169	D519201	Sawmills and Planning Mills
D614079	D527100	Primary Metal
D614180	D527101	Iron and Steel Mills
D611742	D527751	Steel and Strip
D613219	D527756	Sheet and Strip
D614082	D527801	Steel Pipe and Tube Mills
D614083	D528001	Iron Foundries
D614086	D528701	Aluminum Rolling, Casting and Extruding
D614089	D529400	Metal Fabricating
D611914	D532393	Valves, Iron and Steel Body
D614100	D532900	Machinery
N/A	D533397	Other Centrifugal Pumps
D614121	D537300	Electric Products
D614186	D538701	Manufacturers of Electric Industrial Equipment
D612251	D633880	Industrial Control Equipment
D614133	D539901	Manufacturers of Electric Wire and Cable
D614136	D541400	Non-Metallic Mineral Products
D614140	D542901	Ready-Mix Concrete Manufacturers
D614144	D544001	Refined Petroleum and Coal Products
D614145	D545200	Chemical and Chemical Products
D612466	D547301	Inorganic Industrial Chemicals
D612509	D547901	Organic Industrial Chemicals
D613168	D618135	Miscellaneous Measure and Control Equipment
D649835	D476601	Canada: Non-Residential Total Materials
D644775	D744775	Machinery and Equipment - Construction

Aggregate Price and Wages

Previous Date	- Data previous to 1985 are available on request.
Consumer Price Index	- A price index measuring the change through time in the cost of purchasing a constant "basket" of goods and services representing the purchase by the Canadian population in a specified time period.
GNE Deflator	- An index of the weighted average of the prices of all goods and services produced in Canada. It is much more comprehensive than the CPI, since the latter relates only to items purchased by individuals. The GNE deflator would be more appropriate where inflation related to general business activities is being examined.
Average Hourly Earnings	- Obtained by dividing total weekly earnings of hourly rated wage earners by their total weekly hours. Earnings represent gross pay to employees before deductions for taxes, unemployment insurance contributions etc. Total hours include overtime hours actually worked and wage earners include part-time wage earners and casual help.
Prime Rate	- The rate of interest charged by chartered banks to first-class-risk corporate borrowers for short-term loans.
IPPI	- Industrial Product Price Indexes. Starting January 1986, all ISPIs are replaced by IPPIs. Some of the ISPIs are discontinued. See the following table for comparisons.